

ATTACHMENT 2

Debt Policies
City of Seattle
Updated: 4/27/05

Color Coding:	Yellow	Policy Resolution
	Pink	Covenant to Investors
	Green	Proposed
	Blue	City Policy

	City Light	Water System	Drainage & Wastewater	Solid Waste System	General Government	Transportation
Net Income	No policy	Positive	Positive	Positive	Balanced budget is statutory requirement	n.a.
Liquidity (cash balances)	3 months non-power operating costs (\$30 m) at month end	1 mo. Operating Cash (\$4.5m)	1 mo. Treatment charge (\$8.2m) at year end	20 days contract payments for collection and disposal at year-end (\$3.4 m)	n.a.	n.a.
Contingency Reserve	\$25 m within 2 years (proposal pending to increase to \$100m)	n.a.	n.a.	n.a.	n.a.	n.a.
Coverage						
Bond Covenant	1.25 (additional bonds)	1.25	1.25	1.25	n.a.	n.a.
Financial Target		1.70	1.80	1.70	net d.s./GF max=9% long term = 7%	Net d.s./local revenues max=7%
Debt/Assets	Target for debt/capitalization=60% in 2011, 50% in 2016	n.a.	70% max	n.a.	n.a.	n.a.
Cash Contribution to Capital	Positive with 95% confidence	min=15%, 20% over rate period	25% (by 2007)	\$2.5 m (\$2003) towards CIP	Debt used only after all other alternatives exhausted.	n.a.
Rate Stabilization Fund	n.a.	\$9 m by 2006	n.a.	n.a.	na	na
Debt Structure	Level	Level	Level	Level	Level	Level
Variable Rate Debt	max=15% of 1st lien	max=15%	max=15%	max=15%	max=15%	na
Refunding	5% pv savings	5% pv savings	5% pv savings	5% pv savings	5% pv savings	n.a.
Legal Debt Capacity	n.a.	n.a.	n.a.	n.a.	12% LTGO debt capacity reserved for emergencies	n.a.
Applicable Resolution	Res 30685	Res 30742 & Ord 120875	Res 30612	Res 30695	Res 30630	Res 30636